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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

I. MARKETING CONDITIONS

Test Brands

Marlboro Lights Menthol Test

Product movement is beginning to show at both retail and wholesale levels. Repeat orders are being filled by major distributors. In-store inventory depth show increases and supportive displays, (2 for 1) show excellent movement. Over 80% of displays have been placed in the first month.

Point-of-sale activity is being reinforced in an effort to maintain high visibility consistent with ongoing print media, supplements and billboards. The inner-city of St. Louis has a strong representation of boards. However, major arteries leading into the city lack any visibility. We are hopeful this will be addressed.

New Introductions

Virginia Slims Ultra Lights 100's

Product sell-in is now complete at the distributor level. Shipments are being made to retail at a consistent rate. Merchandising at retail reflects inventory depth and visibility on carton fixtures throughout. Consumer acceptance is positive and is indicated by turnover at store level.

Benson and Hedges 100's Lights Box

Sell-in to distributors is nearing completion with acceptances gained from all accounts presented to date. Prebooking activity is below our usual levels with many retailers ordering minimal quantities following previous new brand orders. Major wholesalers are accepting only up to allocations. Some chains have decided to authorize the brand without automatic distributions.

With the use of on-carton radios, we are able to stimulate sales of old packaging Benson & Hedges. Product rotation is being conducted at retail to insure the old packing is sold first.

Cambridge Full-Flavor

Cambridge Full-Flavor sales continue to show increases particularly in our Arkansas area. The redistribution of coupons has aided sales and turnover.

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Generics/Price Value Products

Our remerchandising of carton fixtures is addressing reduction in visibility of Players 20's, (black packing) to be more consistent with sales. Players 25's, at the same time, is being expanded for the same reason. Sales of Players 25's is still slow despite heavy on-carton couponing.

Our efforts to redirect the St. Louis market allocation of 2 for 1 in the upcoming Players 25's promotion were rejected. We had hoped this allocation could be shifted to the Arkansas area. The result is Section 54 will have no allocations in the October segment. We will participate in the November shipment for the Memphis market.

Famous Value Brands

Our Sales Reps are being urged and reminded to provide merchandising and P.O.S. visibility support wherever they encounter distribution of our FVB packings. Some major distributors have begun shipping product to their retail stores in Arkansas and Memphis.

II. COMPETITIVE ACTIVITY

American

Sales efforts continue to be supportive of Malibu and Pall Mall Filters. They appear to be gaining in distribution of both.

Permanent Counter Displays

Malibu, Carlton, Lucky and Pall Mall Filters/25's

Temporary Displays-Set/Sells

Lucky Strike, 20 unit, 2/1, payment $1.50.
Pall Mall Filter, 20 unit, 2/1, payment $1.50.
Carlton, 2/1, $1.00 payment.

Manpower/Marketing Conditions

Two new ADM's, one in Little Rock, AR, another in Memphis, TN.

On-carton coupons, $2-3.00 being attached to Malibu, Pall Mall Filter, Lucky and Carltons.

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Brown and Williamson

Permanent Counter Displays

Kool, Kool Milds, Richland and Barclay

Temporary Displays-Set/Sells

Summer incentives are being attached in the form of 2 pack promotions using sunglasses and wrist wallets. Capacity is 30 units with a $1.50 payment. Sales are fair only.

Richland being promoted with 2 for 1 using 40 unit displays and a $2.00 payment to the retailer.

Temporary dump bins are featuring Viceroy Kings and 100's as a 20¢ off per pack promotion.

Floor Bins/Carton Racks

60 carton floor bin being used to display inventories of Kool, Richland, Viceroy and Barclay with attached $2.00 carton coupons. In addition, stores display 40 unit Viceroy pack promotion with 25¢ off per pack, payment $2.00.

Falcon currently being promoted with a $1.00 on-carton coupon.

Barclay 100's show on-carton coupons of $2.00 and additional advertising for up to $6.00 in mail-in savings.

Raleigh and Belair also being supported with $2.00 on-carton coupons.

Manpower and Marketing Conditions

A new Sales Rep has been hired in Alton/Granite City, IL. This female fills a previous vacancy.

Sales personnel are currently installing a new generic fixture in Harp's Food Stores, Springdale, AR. Only Falcon and Doral are being merchandised thereon.

New Kool open/close business hour signage seen at retail level. Additional point-of-sale pieces include GPC shelf talkers on fixtures.

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Liggett & Myers

Currently offering retailers a load-in with 25¢ off per carton on all brands including generics. They will be following this with on-carton coupons, ($1.00 on generics, $2.00 on popular priced brands), to be attached when product is delivered. Sales Reps will reimburse retailers up front for all coupons attached.

Carton fixture activity involves solicitation of 2 rows for Eve 120's packings. Limited success reported.

Permanent Counter Displays

Eve and L&M

Temporary Displays-Set/Sells

Two with lighter promotion in a 20 unit display with a $2.00 payment. Movement reported to be good. This supports the Eve brand family. In conjunction with the above display, a 30 unit 2 for 1 with a $2.00 payment is being offered.

There is also a 20 unit 2 for 1 promoting Total with a $2.00 payment.

Generic packings are being promoted with a Quality Seal lighter attached to 2 packs in a 40 unit display. Payment is $4.00 with reportedly good movement.

Manpower and Marketing Conditions

L&M recently lost a part-timer to Brown & Williamson in Granite City, IL.

Lorillard

Permanent Counter Displays

Newport, True, Kent

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Temporary Displays-Set/Sells

30 unit Newport display offers 25¢ stickers per pack with $1.50 payment or 120 unit display for a $2.00 payment.

30 unit 2 for 1 on behalf of True with a $1.50 payment. Movement on the above displays reported slow.

Coupons

There are $2.00 on-carton coupons offered for Newport, True, Kent along with mail-in offer for up to $6.00 in savings.

R. J. Reynolds

Continue to offer excess dollars above PM's System 2000 payment with little reported success. RJR has entered into at least one co-op advertising agreement with Fred's of Memphis, TN. This ad features Reynolds' products, coupon savings and RJR fixtures.

Focus continues on Winston Lights Box.

Packaging changes noted on Salem, Salem 100's and Salem Ultra.

A toll free number is being publicized on behalf of Vantage. Callers responding to questions are sent coupons through the mail for RJR product purchases.

Permanent Counter Displays

Winston Lights Box, Winston Lights, Salem and Camel

Temporary Displays-Set/Sells

30/40 units displays on behalf of Winston Lights Box with a $2-$3.00 payment. Movement is good.

20 unit, 2 pack with Cardinal Cooler Cup promotion carries a $2.00 payment and sales are reported good.

30/40 unit Salem/Salem Lights 2 for 1 promotion with a $1.50 payment. Stores are selling out of this display.

Dump bin, 2 with lighter promotion, (Vantage), with part-timer attaching lighter at the distributor.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

Floor Bins/Carton Racks

90 to 180 carton Winston/Salem display with $2.00 on-carton coupons at retail. Payment is $18.00 and movement is good.

Coupons

Couponing for all major brands, ($2.00 on-carton) is continuing in our marketing areas.

Manpower and Marketing Conditions

RJR is no doubt planning to introduce More Lights 120's Soft Pack, (Regular and Menthol) in the Memphis market. Product has been spotted at wholesale. We are investigating details of this impending launch.

In the St. Louis, MO area, three vacancies resulting from two resignations and one termination. In the Memphis, TN area, one Division Manager was promoted to Area Manager and his replacement brought in from Dallas, TX.

RJR is offering $50.00 to remove PM overhead and $100.00 to place their own. In addition, RJR is undertaking installation of ceiling mounts.

III. TRADE CLASSES

Distributors/Wholesale Grocer

Distributor sales continues on the plus side with aggressive sell-in activity. To date, only one direct account has turned down the Inventory Maintenance Program with most opting to take 100% of their allocations.

Supermarkets

E. W. James, Union City, TN acquired three new supermarkets which increases their total to 15 in the Tennessee area. We currently have a Plan A agreement with this chain and should extend this agreement to cover the additional stores.

Dierbergs, St. Louis, MO, also increased their stores with an additional opening this period. The 11th store is being considered in our proposal for a low profile PM carton fixture with this chain.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

Shop-N-Save, St. Louis, MO have begun receiving placements of RJR's carton fixtures. PM has increased +105 rows with 4 completed installations which included 7 shelf units. A total of 31 self-service stores will be affected.

Rumors persist that Safeway, Little Rock, AR will be bought by Malone & Hyde, Memphis, TN.

Gas/Gas Convenience

Mapco-Delta, Memphis, TN is undergoing management changes which will be addressing compliance with PM displays. We have been advised, however, that overhead fixtures will eventually be removed from all stores. There are 64 stores of which 41 have PM overheads.

Cox Oil, Union City, TN added a new store in Paris, TN to increase their locations from 18 to 19. We currently maintain M-4 displays with this chain.

It has been reported 7-Eleven, North Memphis, TN, (68 stores), is to merge with 7-Eleven South, (27 stores). Eventually plans call for all 95 stores reporting to the Midwest Division, St. Louis, MO. This will bring the total stores in the Midwest Division to 503.

Tri-State Petroleum/Sprint 24, Memphis, TN has authorized Maxi 4's for 4 additional stores recently opened.

Placement of PM low profile carton racks have begun at Circle K, Memphis, TN. Completion is expected by October.

Mass Merchandisers

Grandpa's, St. Louis, MO added a new self-service location in Illinois which netted us 105 new PM rows on the installed carton fixture.

Fred's, Memphis, TN is now selling our All American Brand with repeat orders to Samelson-Leon following sell out of initial shipments to retail stores.

Vending

No significant developments this period.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

IV. SSM KEY ACCOUNT/MANAGEMENT ACCOUNT CONTACT

Account	Contact
Mound City Wholesale St. Louis, MO	Robert Krekeler, Operations Manager

On September 1, accompanied S.A.M. on contact of account with call objectives as listed:

- Completion of A.D.A. Certification Statement for Marlboro Lights Menthol Introduction.
- Follow up on new brand sell-in - Virginia Slims Ultra Lights 100's and Benson & Hedges Lights Box 100's.

Sell-in of new brand finalized. A.D.A. Certification Statement completed for Marlboro Lights Menthol. However, account did express concern over our revised Introduction Allowance Program, i.e., $25.00/$20.00. Account did comment that because of our reduction of the Introductory Allowance, there was no longer any incentive for him to sell additional quantities of product above allocation.

Account	Contact
Kroger-Delta Division Memphis, TN	Bud Limbacher Grocery/ Merchandising Manager

On September 16, accompanied S.A.M. on contact of account with call objectives as follows:

- Finalize account's request for Marlboro Shopping Baskets.

Account had initially requested Shopping Baskets for all stores. Upon making call, S.A.M. was advised that baskets would be needed for only new and/or remodeled stores in Division. All necessary follow up to finalize this program will be completed by S.A.M. with operations director of account.

While in call, S.A.M. was presented with revised carton fixture P.O.G.'s. Implementation of P.O.G.'s at store level pending S.A.M.'s approval. Revised P.O.G.'s upgrade PM shelf positioning from fourth to third shelf. PM rows increased from an average of 66 rows, (1st quarter, 1987) to 74 rows, (3rd quarter, 1987) for 87 self-service stores.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

Account	Contact
Malone & Hyde Food Companies, Inc. Memphis, TN	Virgil Nichols, Vice President

On September 17, accompanied S.A.M. and Region Sales Manager Gerry Choyke on call contact with objectives as follows:

- Introduction and positioning of S.A.M. as responsible manager for M&H headquarters.
- Presentation of Famous Value Brand Test Program developed for wholesale grocers.

Call objectives completed and Mr. Nichols is aware the S.A.M. is his contact for any future activities involving M&H headquarters or their distribution centers.

Account	Contact
Wetterau Food Services Hazelwood, MO	Glenn Fischer Director of Grocery Procurement

Contact of account scheduled for September 29 with objectives as follows:

- Introductory and positioning of S.A.M.
- Mid-year Business Review.

Results of call contact to be reported in October Operations Report.

IV. S.A.M. KEY ACCOUNT CONTACT - JOE PATE - 54-41-00

Account	Contact
Samelson-Leon Memphis, TN	Tony Galler Operations Manager

Contacted for completion of new brand sell-in, Benson & Hedges Lights Box 100's.

Account	Contact
Bluff City Vending Memphis, TN	Scott Fisher, President

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Account contacted to complete review of vending operation and discuss/review DataVend procedures.

Account	Contact
Mound City Wholesale St. Louis, MO	Robert Krekeler, Operations Manager

Account contacted to finalize new brand sell-in on Virginia Slims Ultra Lights 100's, Benson & Hedges Lights Box 100's. Distribution of test brand to National Supermarket test stores; completion of A.D.A. Certification Statement for Marlboro Lights test brand program.

Account	Contact
Kroger-Delta Division Memphis, TN	Bud Limbacher, Grocery Merchandiser

Account contacted to finalize request for Marlboro Shopping Baskets; to review and approve revised carton fixture P.O.G.'s.

Account	Contact
Malone & Hyde Food Companies, Inc. Memphis, TN	Virgil Nichols Vice President

Account contacted for S.A.M. introduction; to review year-to-date sales for distribution centers and address business conditions.

Account	Contact
Wetterau Food Services Hazelwood, MO	Glenn Fischer, Director of Grocery Procurement

Contacted account for introductory of S.A.M. and positioning of new management position. Completed mid-year Business Review.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

IV. S.A.M. KEY ACCOUNT CONTACT - ROBERT PANHORST - 54-42-00

Account	Contact
Safeway Stores, Inc. Little Rock, AR	Cindi Holleman, Buyer

Contacted account to complete follow up on revised Plan A and recommended P.O.G. changes; Price Value Centers and revised P.O.G.'s; completion of new brand sell-in, Virginia Slims Ultra Lights 100's and Benson & Hedges Lights Box 100's.

Account	Contact
Venture Stores St. Louis, MO	Jerry Hartje, Buyer

Contacted account to finalize sell-in of Virginia Slims Ultra Lights 100's, Benson & Hedges Lights Box 100's. Implementation of revised Plan A and revised carton fixture P.O.G.'s; follow up on Marlboro Lights Menthol force out to stores.

Account	Contact
Merchants Wholesale St. Louis, MO	Joe Nehman Operations Manager

Account contacted to complete sell-in of Benson & Hedges Lights Box 100's; completion of arrangement for shipment of product to chain stores authorizing new product.

Account	Contact
Marcus Distributors, Inc. Bridgeton, MO	Tony Karakus, Vice President

Contacted account to complete sell-in of Benson & Hedges Lights Box 100's; complete arrangements for distribution of product to major chains serviced by account.

Account	Contact
Wal-Mart Stores, Inc. Bentonville, AR	Harriet Campbell, Buyer

Contacted account to follow up on new brand introduction; revised Plan A and status of revised carton fixture P.O.G.'s; to obtain data on Dot Drug Stores, a new trade class entry for Wal-Mart, Inc.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

Account	Contact
Schnucks Supermarkets Bridgeton, MO	Cindy Pierentin, Category Manager

Account contacted to complete follow up on new brand sell-in, Virginia Slims Ultra Lights 100's, Benson & Hedges Lights Box 100's; positioning of revised Plan A contract.

IV. MPA KEY ACCOUNT/MANAGEMENT ACCOUNT CONTACT

Account	Contact
Dierbergs Chesterfield, MO	Mike Bossi, Buyer

Reviewed proposal for low profile System 2000 and Plan A upgrade. Decision currently pending.

V. MERCHANDISING PROGRAM

Plan A

Revised Plan A contracts total 285 with an average +13.7 rows per contract, (+3,911 rows). The majority of these re-signings are independent outlets with chain responses now being received. Area Managers are currently pursuing Plan A appointments with accounts. Initial responses are positive despite efforts of R. J. Reynolds to exceed our payments using whatever means possible.

Plan AM

No new contracts have been received for this plan to date.

Plan A-1

Our recent Marlboro Sportsbag and Cambridge 30 carton bin promotions have met with good success at retail. This is represented by our usage (100% and 91% respectively). It is also significant that the increased usage may be attributed to the flexible payment schedule for implementing the A-1 program.

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AG/AV

AG/AV units increased again this period while AG/AV contracts are declining. This decline is directly related to the inclusion of AG/AV units in the Plan A contracted rows. This trend is expected to continue with a positive impact on total Plan A rows. Inventories of this display are in adequate supply.

Plan B/Maxi

Permanent counter displays have increased both with respect to placements as well as principal locations. Currently, 56% of Plan B/M displays are in prime positions and 69% with add-on modules. Over 90% of our Plan B's are the larger displays. This trend is expected to continue.

Plan BV/BG

Plan BV placements increased this period as this unit is being used to gain visibility and inventory depth for our branded generic and value packings.

Plan BG units are registering slower growth due in part to the presence of add-on modules and our ability to gain counter positions with BV displays.

Vending

Area Managers continue to seek placements for ACMR units with 100 additional units accepted this period. Currently, 42% of all locations are signed to DataVend and 96% of our vendors are signed to Plan D.

No change in DataVend penetration, (74 accounts).

R.D.A. placements year-to-date is 713.

PM Units/Overheads

This period, we experienced net decline of -8 overheads. This is a short-term phenomenon as the availability of low profile units will eventually result in increases. There are requests for approximately 15 additional units excluding placements of newly released Texaco overheads.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

PM Units/Carton Fixtures

PM carton fixtures on location increased 12% over June to stand at 311, the first time we have broken the 300 mark.

PM Series 2000

Four (4) additional System 2000's were placed this period with commitments for additional units being received each week.

Where placements have been made, trade response has been enthusiastic. Follow up found good maintenance by store personnel.

Special Merchandising Programs

Placements of Marlboro Menthol 2 for 1 at 77% to date; indicates good trade response. Inventory depth for this promotion has been adequate.

Cambridge 2 for 1 placements at 57% to date has given good support to the Full-Flavor introduction as should increase.

The Benson & Hedges Radio Promotion is meeting with positive trade and consumer response. Efforts continue at wholesale and retail to properly rotate the old packing for immediate sales.

VI. SECTION ACTIVITIES

With the introduction of Marlboro Menthol Lights test, we experienced some slippage in coverages as was expected (50% cycling), in August. Recovery is expected in the September Cycle following the conclusion of test market introduction activities.

All retail personnel are currently addressing the quality of carton merchandising on fixtures. This activity has shown positive results whereby the number of Marlboro rows have increased significantly and an improved sales to share mix is being achieved. This has been accomplished while filling our row gaps. Still, in some areas, it is increasingly difficult to maintain/gain 50% Marlboro share of PM rows especially in inner-city and high generic areas. We attempt to attain as close to 50% as is possible with good business judgement.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

Sampling Activity

Following the conclusion of the Marlboro Summer Sampling Program, many switched to the Virginia Slims Ultra Lights Program. This continuity has maintained strong awareness for our brands and packings being sampled.

Marlboro Lights Menthol

Marlboro Lights Menthol Samplers are in their final weeks of activity and have produced positive results through penetration of key events and select geographical areas in the test market.

Benson & Hedges Inner City Sampling Program

We continue at full capacity of Benson and Hedges samplers. Their activity is expanding brand exposure and awareness with positive results at retail.

P.O.S. - Temporary/Permanent

Temporary P.O.S. placements reflect good usage of allocated materials. Available P.O.S. pieces are distinct and attractive with sturdy displays being made available. Our increased usage can be traced to the larger allocations due to test market activity.

Penetration of permanent P.O.S. is stable at 86% with almost no net losses. A higher penetration is experienced at the independent level, (94%) compared to chains, (75%).

Items Over/Underproduced

No overproduction this period. However, concern is expressed over the continued lack of carton rack labels for brand introductions as well as our popular Marlboro packings. This shortage is approaching crisis proportions.

VII. SALES SERVICE

S.P.A.C.E. reports have since corrected the exclusion of spinners for previous Retail Account Summary (RAS).

During the Count/Recount Program for Marlboro Menthol Lights test, we experienced a great deal of difficulty in reconciling Richmond generated reports with account invoices. No doubt, an improvement is expected in the next program. We have since communicated with Richmond apparent discrepancies in reports.

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VIII. SALES DEVELOPMENT

Special Account Managers and Area Managers are pleased with the graphic and analytical packages currently available from the "Planning Desk." Area Managers are incorporating these visuals into presentations.

IX. MEDIA DEVELOPMENT

Actmedia maintains strong in-store visibility at Kroger and Safeway in Little Rock, AR using Virginia Slims Ultra Lights Aisle Marker.

National Supermarket in Crystal City, MO currently displays B&H Lights Box and Virginia Slims Ultra Lights on their shopping carts.

X. ASSOCIATION AND CONVENTIONS

The Gannett/PM golf tournament was held September 21 at the Norwood Country Club, St. Louis, MO with good turnout.

TAP/TAN

No developments in this category.

LEGISLATIVE ACTIVITY

The proposed anti-smoking ordinance for the City of Clayton, MO was defeated in a close vote with the mayor casting the deciding vote against. At the conclusion, efforts were already underway to reformulate this proposal with application restricted to Government buildings. We are keeping close contact and staying alert to any future developments.

XI. SSM Miscellaneous Comments

No comments this period.

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I. MARKETING CONDITIONS

Cambridge

Cambridge continues to sell exceptionally well in all areas. The introduction of the Full Flavor was very successful and has given the entire family extra impetus. Although the Full Flavor packings are selling extremely well, there appears to have been very little cannibalization of the other packings. Another reason for rapidly increasing sales is the recent change in Doral coupon activity. Apparently $1 coupons are being exhausted, and limited couponing at 50¢ per carton is now taking place. In many accounts couponing has ceased altogether. As a result, Cambridge sales have accelerated. We are gaining additional space for Cambridge and experiencing new levels of out-of-stocks as well as having difficulty keeping Cambridge couponed. I believe that if we had Cambridge coupons available in sufficient quantities and were able to add additional part-time people to coupon in key accounts, we could take a great deal of business away from Doral and solidly establish Cambridge as the number one branded generic in our area in the near future.

AM Tex Jordan gained authorization for Cambridge in Consumers Markets this month. Special displays were obtained from New York and 120 carton automatic distribution was sent to all 35 stores. This had been our only major gap on Cambridge, and as they still don't carry Doral or any other branded generic, we should gain a great deal of business. The only holdout account remaining on the Full Flavor packings is Safeway.

Both the B1G1F and 25¢ off per pack promotions were very successful. However, Cambridge responds best to carton promotions as it is a carton brand. The current B1G1F promotion where SR's remove Cambridge from the B displays and band them has been very effective but is tremendously time consuming. It is questionable whether the time spent by our sales people on this is worthwhile as it severely limits what they can do otherwise.

Players Lts. 25's

Players sales appear to have stabilized as a result of recent promotions but do not appear to be growing. The upcoming Lotto Promotion hopefully will help.

Virginia Slims U/L

Currently we have 100% acceptance by management accounts. Safeway who dropped Merit Box and Merit Menthol to accept Virginia Slims U/L will not receive them until next week, and Kwik Shop has accepted but has not yet followed through because they haven't had a buying committee for the last 6 weeks. This brand is selling exceptionally well particularly in carton outlets and in metropolitan areas. The B1G1F and $2 coupons were very effective in helping launch it.

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B&H Lts. Box

Acceptance by management accounts has been excellent. The sell-in is almost complete and only Nash Finch, Grand Island, NE has refused to date. Safeway accepted but dropped Parliament King and 100's to do so. Prebooking once again has been very successful, and I look for a great deal of product to be moved initially although it is questionable how much new business we will gain with this brand in our area.

Best Buy/AAV

In conjunction with FVB Regional Sales Manager Tom Wilhelms, Hagman's was contacted regarding a possible test of a new distributor program for FVB. Hagman's was very interested, and this was relayed to Tom.

Business Conditions

This month the state of Kansas moved to prohibit Kansas distributors from shipping unstamped cigarettes to Oklahoma Indian reservations. Previously these reservations had been unable to buy product from Oklahoma distributors so Kansas distributors had developed a significant portion of their total business with these accounts. This change will undoubtedly affect volume in the Wichita market and Section. It could conceivably even result in a couple of distributors going out of business as Taylor Wholesale, Coffeyville, KS and A. B. Coker, Lawrence, KS had become very dependent on the Indian business.

Tax and Regulatory Developments

Joplin, MO rejected mandatory restrictions on smoking and decided to enforce voluntary posted no smoking signs.

Sprngfield, MO passed a no smoking ordinance, but it is very weak and prohibits smoking only where no smoking signs are voluntarily posted.

Overland Park, KS city council continues to consider extremely strong ordinances which would severely restrict smoking in restaurants and in the workplace. Public hearings are to be held later this fall, and together with Pat Wilson, we will work to combat it.

Marysville, MO will have a proposed cigarette tax increase of 3¢ per pack on the November ballot.

Southwestern Bell, whose headquarters is in St. Louis and who employs 3600 people in K.C. alone, has announced they will restrict smoking in all buildings effective 1-1-88. A survey of their employees showed that 70% favored such a policy, and they said the Surgeon General's report on the effects of passive smoking was a big factor in their decision.

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II. MAJOR COMPETITIVE DEVELOPMENTS

American

Continue to introduce Pall Mall Red Filter King and 100's at retail using B1G1F and $2 coupons, $2 coupons attached at the factory. Sales appear weak.

Also continue to work Malibu. Heavily emphasizing 3-wide value fixtures holding 45 cartons, paying $27 to $45 per month based on volume. Continue to have $3 off per carton and 30¢ off per pack as well as B1G1F. Sales are spotty but appear to be growing and are already relatively strong in some accounts.

Brown and Williamson

No new activity. Continue to promote Kool with B1G1F and $2 coupons, and Richland with 25¢ off per pack and $1.50 off per cartons.

Cancelling some carton fixture contracts in southwest Missouri if accounts do not agree to carry their Black and White generics.

Liggett Group

Promoting Eve Lts. 120's with $2 coupons.

P. Lorillard

Promoting Newport with B1G1F. Also have new Newport Department Marker which has a section for a 3-pack price.

R. J. Reynolds

Continue to test Magna in K.C. market. Some direct and retail accounts in the Wichita, Des Moines and Omaha areas have Magna, but this appears to be simply a spillover from the K.C. market as they are not actively working the brand at retail in these markets. In K.C., Magna is full price, and they are offering B1G1F and $2 per carton (very sporadic, attached at retail). To date there has been no media support noted and even though RJR is telling accounts that Magna is the Marlboro of the 1990's and positioning it near Marlboro, sales are poor.

Continue to place floor displays with up to 200 cartons featuring $2 off on all brands. This appears to be a tie-in with their 3rd quarter load-in. Although it is difficult to fully evaluate yet, it does appear that many direct accounts are taking advantage of Reynolds' load-in.

Continue to promote Winston Lts. Box and the new Salem package (Omaha market only) with B1G1F. Winston Lts. Box appears to be selling fairly well at least where promoted.

RJR continues to replace a number of our overheads. In all markets they are offering a $200 bonus to accounts. In some areas

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they have employed crews to install these fixtures and are paying them $150 to $200 to do so. Where the $200 bonus has hurt us the most is in chain accounts where we have lost approximately 100 overheads in the last 6 months as these accounts do not perceive a significant difference between our fixture and theirs and want the money. At retail we've had good success in going back and regaining placement of our overhead because they are superior. With the many programs at present, we have been unable to follow up as strongly as we would like but hope to be able to do so in the near future.

Although we are receiving mixed reports about changes in sales force structure, a SR in K.C. informed us they will very soon begin selling other food products as well as cigarettes. This is to include Planters Peanuts and Life Savers. At the same time, they reportedly will switch from vans to cars eliminating most of the stock they carry, and call rate will drop to 9 per day in urban territories, 8 in suburban and 7 in rural.

Generics

B&W continues to promote Falcon Lts. with 10¢ off per pack and $2 off per carton.

Liggett continues to actively promote Rainbow at Fleming, and it is reportedly selling well.

III. TRADE CLASSES

Coastal Mart purchased Stop-n-Shop, Hays, KS, 56 stores. Coastal has also split their Midwest operation into 3 headquarters, Wichita, K.C. and Des Moines. The K.C. and Des Moines divisions have accepted our M-4 and AM, and overheads. The Wichita division is currently evaluating the 30 carton fixtures we have in the old Derby stores as well as the B-4's that we had in Stop-n-Shop. Also the Stop-n-Shop stores will be supplied by Gordon Wholesale rather than McLean effective 10-1.

Finaserve is in the process of purchasing 22 Texaco stations in Iowa, Nebraska and Minnesota. This will bring them to 65 stores controlled by the Overland Park headquarters.

Safeway, K.C. closed 2 stores this month and has announced plans to close 2 more which will bring them down to 67 stores. The merchandiser at Safeway told us that Bormann's had made a bid for the K.C. division, but there is still nothing definite on its possible sale.

Barber & Sons plans to add groceries so they can supply their convenience and convenience/gas accounts. Gordon Wholesale is doubling the size of their warehouse to accommodate the new business they have picked up. Wetterau is now stocking some items in the old Milgram warehouse in K.C., but this doesn't include cigarettes. There is a real power struggle going on within Wetterau as to whether K.C. or Mexico, MO will be their headquarters. As an example, buying decisions were moved to K.C. this month and then moved back to Mexico the next week.

Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

Canteen Corp. purchased B&B Vending, Topeka, KS, 350 machines. These 2 operations will be merged, and B&B will be removed from direct status.

Hagman's Corp. is opening new houses in Rolla, MO and Oklahoma City, OK.

IV. SSM KEY ACCOUNT CONTACTS

At the K.C. Chiefs suite I had the opportunity to get to know Bill Hagman, Jr., Ken Hagman, Dave Minich, Tom Guthrie, Doug Beyer and John Sandercox of Hagman's Inc. and Hagman's Corp. better and discuss with them how we could work together to better improve both of our businesses.

With SHA Bergmann and AM Bauer I met with Pete Hall and Bob Lemons, Jr. to discuss PM carton and package fixtures. On a follow-up call a commitment was gained for placement of our low profile spinners in all 9 stores plus 3rd and 4th shelves on their RJR carton fixtures.

With SAM Lopez I met with Mike Robb of Wetterau to present Virginia Slims U/L and B&H Lts. Box. Both were accepted.

With DM Selby I met with Al and Frank Leiserowitz of H. B. Leiserowitz. Al was very upset by the recent price increase because of his involvement with the Jacob Albright meetings. I soothed him as much as possible.

With AM Bauer I accompanied Anthony and Mike Barber of Barber & Sons to the Gannett Golf outing in St. Louis. This was a great opportunity for us to further solidify our relationship with this important customer.

At the request of Ross Barber of Barber & Sons, I contacted Bill Lancaster of AWG to establish communications between the two. Barber & Sons is wanting to buy groceries from AWG to better service their convenience and gas/convenience customers.

Many account contacts were made, and reinforced, at the IATCD Convention.

V. MERCHANDISING PROGRAMS

AM Bob Bauer has signed Coastal/Pester Derby to our M-4, AM, BV and BG contracts as well as overheads. These contracts will eventually apply to approximately 200 stations headquartered in K.C. and Des Moines. Approximately 15 stores in K.C. and 20-30 in Des Moines will be set now, and the rest will be set as they remodel.

AM Bauer gained a commitment from Bob's IGA for placement of our low profile spinners in all 9 stores as well as 3rd and 4th shelves on their RJR fixtures.

AM Jim Hauschild gained acceptance of Marlboro 25's at Affiliated Foods, Norfolk, NE and Cambridge U/L 100's at Nash Finch, Lincoln, NE.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

SAM Kathy Lopez and Andy Mikelson gave a follow-up presentation to Kwik Shop this month and tentative approval was given for a special exclusive counter display and a lighted Marlboro pricing sign in their windows. Andy is working to develop prototypes, and these are to be placed at one store this month for Kwik Shop's review.

SAM Lopez completed an extensive survey of all Dillon stores in order to demonstrate to them the problems they have with improper fixtures and planograms. Kathy communicated this to Dillon, and they were amazed. They have committed to action to correct this immediately. The tentative commitment which Kathy was given for System 2000 test stores now appears to be in question as she has been told there are strong ties between RJR and Dillon at the top levels.

SAM Lopez met with the buyer at Caseys General Stores to discuss our counter displays. The buyer informed us he will consider a display to replace that of RJR, but it must meet or exceed RJR's payment and must fill an additional need for their stores. Lorillard is currently placing a special 3-carton permanent counter display which has a tray in the bottom for Casey's matches. It was accepted because the buyer felt it would fill a need for their stores.

AM Tex Jordan has arranged with NY for manufacture of special belt line package racks for Consumers Markets. After placement of our System 2000 carton and package fixtures, RJR would no longer supply Consumers with belt line fixtures. 320 package racks will be placed in 35 stores.

7-11 CIC is testing 4 stores with the low profile Circle K fixtures. Nash Finch, Cedar Rapids, IA accepted our AV fixture for all 14 stores. B-4's were placed in 12 of the 15 Git-n-Go stores in Des Moines.

The 3 Skaggs Alpha Beta stores in Wichita and Salina have moved their fixtures to non self service because of pilferage.

The Marlboro Sports Bag A-1 has been very successful. The retailer and consumer reception to the bag was very positive. The flexibility given us to pay stores with cash worked well and allowed us to gain extra placements and should be continued or even expanded. To date we have placed only about 70% of all displays received but are continuing to follow up and should have 95% acceptance within the next 2 weeks. We ran late on this program because of the Consumer installation of System 2000, several vacant territories and the Virginia Slims U/L introduction. There were some minor problems encountered with this promotion as the AM's never received sell sheets or sports bag samples, the size of the displays and bags prohibited carrying more than 1 or 2 at a time, and the 240 carton display was much too large for placement in most accounts. I recommend we discontinue the 240 carton display as they are gigantic. If we need to place this size, we could use 2 120 carton displays.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

VI. SECTION ACTIVITIES

Our Section meeting to present Space Trek to the Sales force was very successful. There was a great deal of enthusiasm, and I look for significant results in terms of new rows and fixtures. Although the initial report showing current status has not been received, we are monitoring progress internally and appear to be well on our way to Acapulco.

Most of our time this last month was spent with new brand introductions. As a result of the Consumers System 2000 installation and vacant territories, we are still following up with Cambridge Full Flavor and Virginia Slims U/L and the prebooking of B&H Lts. Box. During the last 2 months, territory coverage and ongoing activities such as permanent POS have suffered a great deal. The fixture installations at Consumers and Harry's IGA took up a great deal of time and the promotions we've had recently (Marlboro Sports Bag A-1 and B1G1F) are very time consuming. Although we can't expect account coverage to be at normal levels, we must ensure effective coverage or we won't be as successful as we want to be with the new brand introductions and other programs. We are following up to ensure that all SR's are using their time most effectively.

We are once again heavily emphasizing call book accuracy. With the recent change in the ICR and confusion on how several areas were to be reported, there are many errors in the call book. Through firm and thorough follow-up on our part, we plan to have maximum call book accuracy within the next month.

We have completed all elements of the resort program in the Table Rock/Lake of the Ozarks areas and a complete report will be submitted shortly.

Marie Andreacchi is doing a feature story for The Force on Division 61-08, Des Moines, this month.

In the last month we've had 3 breakins and thefts from company vans as well as one theft where SR's had stock at their POS warehouse. This is an alarming trend and follow-up has been completed with all personnel to ensure we do everything possible to avoid such incidents. Our policy that cigarettes are not to be kept at the POS warehouses has been reemphasized, and SR's understand they will not be reimbursed for such losses.

I met with Barbara Reuter to discuss how new brand introductions could be most effectively implemented. We had a very interesting discussion, and I look forward to seeing her recommendations.

VII. SALES SERVICES

The new Merchandising News brochures are excellent. They will prove very helpful in our selling efforts. The sell sheets on new fixtures are especially appreciated.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

As yet no Cambridge Full Flavor carton or package rack labels have been received. This is creating problems in maintaining a permanent home for these packings.

No incentives were received by AM's for use in presentations for the Virginia Slims U/L Lighter Promotion or the Marlboro Sports Bag. Such incentives, particularly when they are high quality items like these 2, are very helpful.

Since System 2000 has now been opened up for all accounts above 300 cpw and is being widely presented, I see no need to continue the System 2000 Recap. This is very time consuming and if not really necessary, its cancellation would be welcome by the sales force.

Although we have only a few of the new white low profile Circle K carton fixtures on location, we have already had several problems with them. They are often scratched in shipment and they show dirt and dust very prominently. The castors on them are not braced very well and if tightened too much, they tend to "toe in" which keeps the fixture from being moved and makes it uneven.

VIII. SALES DEVELOPMENT

The new low profile overheads are excellent. They have allowed us to secure placements in locations where we otherwise could not have done so. Currently MIDAS shows no 6' maxi overheads available or on order. We already have 36 on backorder and need these badly. They have been extremely well received.

IX. MEDIA

The new Virginia Slims U/L advertising and POS materials are very appealing. Many comments have been received about their attractiveness, and they really stand out in our stores. However, the colors we're using are not very effective on billboards. The packages and lettering are so faint they can't be seen very easily.

X. ASSOCIATIONS AND CONVENTIONS

We participated with a booth in the AWG Wichita Trade Show. Attendance was poor, and I recommend we do not participate in the future.

We had a booth at the SuperValu Des Moines Trade Show. Attendance was excellent, and we gained a great deal. We spoke to 17 accounts who were interested in our fixtures and booked 320 cartons of Cambridge. Also, SHA Bergmann and AM Douglass arranged a follow-up presentation of our fixtures for SuperValu supervisors in November.

SHA Bergmann, AM's Frank and Douglass, and I attended the IATCD (Iowa) Convention where we showed our New Doors video.

We had a booth at the Nebraska Retail Grocers Trade Show where attendance and interest in our fixtures was good.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

AM Bauer and I attended the PM/Gannett golf outing in St. Louis.

Currently RJR presents a leadership award at most distributor conventions, and Lorillard presents a citizenship award. These are both very positive, and they get a lot of mileage from them. If PM established an annual award for members who did the most to promote the industry and/or combat no smoking ordinances or tax legislation, I believe we would get equal mileage for minimal expense as well as reinforce the type of behavior we would like to see from our distributors.

SSM MISCELLANEOUS COMMENTS

With the addition this year of the MPA and SAM positions as well as the multitude of programs which require internal communications, we badly need to supplement our office staff. The workload has increased significantly, and it is difficult for everyone to get everything done as quickly and efficiently as they would like.

DM Fried and RM Kreutzer developed a unique AM display. They placed a Marlboro lighted open/closed sign on the top shelf of the AM fixture, removed the open/closed portion of the sign and cut a hole in the shelf. This allows the light to shine down on the cigarettes and reportedly makes an attractive display. Several have been placed, and retailers reportedly like them very much.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

I. MARKETING CONDITIONS

CAMBRIDGE FULL FLAVOR

Reports from Division Managers indicate that we have achieved 80%-85% distribution on this product. Sales continue to be extremely strong. Unavailability of coupons is hindering our efforts. RJR is now using 50¢ coupons in accounts where Cambridge is not couponed. They are using $1 off coupons in accounts where Cambridge is couponed. It is obvious that they are aware of our coupon shortage and taking advantage of this.

We have been able to resolve some of our out of stock and inventory problems with labeling. We were forced to resort to purchasing blank labels and writing in the product name.

Sales force and retailers were very pleased with the Cambridge 2 for 1's in that it allowed for placement of loose packs when coming off of the B/M counter display units.

VIRGINIA SLIMS ULTRA LIGHTS

This introduction is going very well. Sales force was pleased when they received labels for placement of this product on the carton fixtures. Labels have prevented out of stocks which would have otherwise occurred in many instances. Pre-booking of product for new brand introductions continues to be received well by the sales force and retailers. Pre-booking allows for fewer scheduling conflicts, as the product is already in the store when Sales Representatives arrive to set displays. Reports from the field indicate that current distribution at retail is between 90%-95%.

Safeway, Denver Division, still has not accepted either packing. Expect to resolve in the next two weeks.

BENSON & HEDGES LIGHTS BOX

The majority of direct accounts have accepted Benson & Hedges Lights Box (both packings). Accounts pending include S.E.G. Stores (Salt Lake City, UT), Safeway (Denver Division), and King Soopers (Denver, CO).

Pre-booking at retail is not achieving the success realized from the Virginia Slims Ultra Lights introduction. This is primarily due to the multitude of programs and objectives now being presented. It is also felt that pre-booking is slow due to the fact that this is not a high box market and the flood of new product introductions from all companies.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

INDUSTRY

The State of Wyoming will consider an increase on the state cigarette tax but not until January when the legislature meets. I anticipate an increase from 80¢ per carton to $1 - $1.50.

Reports from Salt Lake City indicate that the State of Utah has realized a $51 million surplus in state funds which was due to over cutting budgets and the recent increase in cigarette tax. No plans to reduce cigarette tax at this time.

We understand that Utah is under consideration for a new experimental radar air base. Expect an economic boost for the state if this takes place.

Letters were sent to U.S. Senators in response to a request regarding passage of the Durbin Amendment.

II. MAJOR COMPETITIVE DEVELOPMENTS

AMERICAN

Gained good retail distribution for Malibu. However, no repeat sales are being generated for this brand. Some major accounts have refused to handle Malibu due to the unusual price structure. The $3 off factory applied coupons are good incentives for consumers. However, no significant incentives are being offered to the wholesale trade. Price Savers (Salt Lake City, UT) and Cuban Cigar (Salt Lake City, UT) refused to carry Malibu.

Reports indicate that American has terminated three Sales Representatives in this Section. This was reportedly due to tougher management.

BROWN & WILLIAMSON

Falcon Lights continue to show slow sales. No change in the promotion of 10¢ off per package at retail.

Salt Lake City, UT and Nevada report distribution on Capri. This contradicts earlier reports that this product would not be available until 1988.

B & W continues to run a variety of on carton coupon promotions -- $1 off Belair and Raleigh, $2 off Viceroy and Barclay, and $1.50 off Richland.

B & W lost their counter position at 7-11, Mountain Division, to L & M. No further information available as to how this was accomplished.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

LIGGETT & MYERS

$2 off on carton coupons being utilized for L & M, Eve, and Lark. Displaying product on carton rack.

Couponing all black and whites at wholesale level with $1 off in the Idaho market.

Only other activity observed was a floor display with various L & M products. Consumers receive a place setting of silverware free with a carton purchase.

LORILLARD

New True packing featuring a silver lighter with two pack purchase. Paying local wholesalers 4¢ per unit to put together.

R. J. REYNOLDS

Continue to coupon Winston, Camel, and Salem in 90 carton floor displays ($2 off carton coupons attached).

Camel promotion featuring buy 3 get 3 free has been reintroduced in the Section. Sales reported to be excellent.

Reports indicate that RJR is paying $13 per month for non-self-service spinners.

More Lights 2 for 1's noted throughout the Section at retail -- 20 and 40 unit paying $2.

Holding up coupon reimbursement at Harmons (Roy, UT) in an attempt to replace System 2000 with RJR flex. Results of this has been an irritated manager who no longer allows RJR on carton coupon placement.

Now using part-timers to check on vending locations. Perhaps Philip Morris should entertain this idea.

III. TRADE CLASSES

SAM Mike Kronschnabel and I attended D.A.M.R. (Denver Area Manufacturers Representatives) meeting where Bob Green, Division Manager Safeway Denver Division, was the guest speaker. Topics of interest included innovative ideas to improve relations with unions, plans to open 2 new stores and remodel 12 others, and expand their use of computers for purchasing and tracking sales. Very informative meeting.

Albertsons stores in the Salt Lake City area have converted to low profile RJR spinners. This has a negative impact for Philip Morris due to inventory reduction.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

Recent inventory reductions in 7-11, Mountain Division, due to leverage buyout does not appear to have affected us. Most stores seem to have reduced inventory by only one carton per row. Retail audits indicate no out of stocks in 7-11 due to inventory reduction.

K-Mart stores need a new brand-by-brand plan-o-gram and resets due to the fact that they do not carry any value products with the exception of Austin and Doral.

Loco Foods, Farmcrest Dairies, and Cono Mart (Denver, CO) have all accepted the Marlboro Shopping Baskets for all stores (total of 26 stores).

Overall PACE Membership Warehouse's sales in the Section are down 75.5%. The penetration of other buying clubs and the fact that some vendors and some retailers have returned to more conventional sources of supply have contributed to this loss.

IV. SSM KEY ACCOUNT CONTACTS

Stuart Barton, Marketing Specialist, Sinclair Oil Corporation, Salt Lake City, UT. With AM Craig Murdock contacted Stuart to follow through on Virginia Slims Ultra Lights and Benson & Hedges Lights Box introductions. Both brands accepted. In addition, they have agreed to feature Cambridge over Doral as their value priced cigarette line (this account is not interested in promoting black and whites). We will install B-V displays in all 250 retail locations. We are also exploring the possibility of providing them with Cambridge "pump top" advertising, with prices, to maximize sales.

Dennis Eaton, Manager, A. W. Marshall, Salt Lake City, UT. With AM Andy Beck, corrected a problem. They neglected to force ship Virginia Slims Ultra Lights to chain retail locations in Idaho and Wyoming. Also held a general business discussion.

Bob Bonner, Buyer/Merchandiser, PDQ Stores, Denver, CO. Played golf with Bob at McLane Western/United Way Golf Tournament. Found that we have a lot in common and feel that the rapport established will assist in future business proposals.

Larry Majore, Merchandising Manager, Safeway, Denver, CO. With ADRS Alford and SAM Kronschnabel lunched and then made follow-up presentation for Plan A and System 2000 racks. Larry asked that we analyze our proposals both on a per row payment and ROII and contact him on 9/29/87. RJR is testing security (buzzer) racks in stores. They will delay any plans on converting Safeway to System 2000. If these racks prove successful, they will be used (even if payments are

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

reduced). Played golf with Larry on Saturday at the Grocery Sales Managers golf outing. Improved personal rapport and feel that this will help in business decisions.

V. MERCHANDISING PROGRAMS

Revised Plan A's were again addressed at our recent Section meeting. Bonuses for various Philip Morris fixtures were discussed and clarified. Restated emphasis on Plan A resigning. As usual, chain accounts are procrastinating with decision on new Plan A's. Hope to have some chain Plan A's signed in the next month.

To date we have placed four System 2000 racks in high volume independent accounts. All very worthwhile placements. Additional rows were realized with all placements. Flexibility of our new Plan A believed to be driving force for increased System 2000 placements and increased rows.

Recently signed Plan A with Wymodak (Denver, CO) for three stores. Contract signed for 72 rows, including 42 rows of Marlboro.

Ordered additional displays and Marlboro Sports Bags to fulfill commitments with Circle K, Northwest Division. This should produce 120 additional display placements over and above original Section allocation.

Have signed AM contract with several small convenience chains (representing 15 stores) and in the process of testing other outlets in this class of trade. Decision from presentation made to Sinclair (Salt Lake City, UT) is pending.

An additional 13 stores have been signed to A-V contract with Waremart (Boise, ID) gaining an additional 8 rows per store.

We will be cancelling our B-2 contract with Russells (Denver, CO) at the end of the 3rd quarter, as the account will be placing displays in a non-self-service location.

We continue to improve placements of B-V displays in both chains and independents (27 new B-V's were placed during this month).

We anticipate additional Plan R contracts as we place our combination package/carton fixtures.

With the growth of Cambridge Full Flavor, we feel that it should be included on our Plan D contract. In the near future, marginal pricing in vending machines is inevitable.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

VI. SECTION ACTIVITIES

For the month of August, 26 Sales Representatives cycled above 90%, with 24 above 96%. During this period, we had 4 vacant territories and 1 SR on STD. Call rate was 11.0 per day.

MPA Nelson attended meeting with outside sampling agency and samplers for Virginia Slims Ultra Lights. Was very impressed with activity coordination by the Phoenix Marketing Company. We will remain in contact with Phoenix Marketing to monitor results and suggest opportunities for upcoming mass sampling.

Conducted SPACE Trek and Virginia Slims Ultra Lights introduction meeting for the Section on 8/28. High level of enthusiasm for SPACE Trek program was witnessed.

Began coordination of Marlboro Winter Resort Program. P.O.S. locations for materials' shipments is currently being solidified. Bar night promotions have already been scheduled for Jackson Hole, WY.

MPA Nelson assisted DM Will Crumpton with termination Performance Appraisal of RM John Geisen. Felt that this was a good training session, giving new DM Crumpton experience with these types of Performance Appraisals.

MPA Nelson and I attended meeting with Ed Hayden discussing format of new SPACE output reports. We feel that the new reports should make review and interpretation of information easier.

Very pleased to see field study conducted by Linda Phillips regarding Section Office operations. We appreciated the chance to express our ideas, problems, and opportunities.

MPA Nelson managed to log computer time on the Smart desk and is much more comfortable with its operation. Planning desk to house computer equipment finally arrived and was installed.

Received final prints of photographs detailing our new carton/package combination fixture. These photos will be distributed for visual presentations in Region 6.

Division Managers report that Virginia Slims Ultra Lights Sampling Program is going well. All samplers are on board with adequate supply of samples. A full report will be submitted upon completion of the program.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

VII. SALES SERVICES

Supply of on carton Cambridge coupons is almost exhausted throughout the entire Section. On carton Players coupons and CIP coupons are in plentiful supply.

Recommend that floor stands accompany all special promotion displays. We gain more up front, quality locations with floor stands than with most counter locations.

MPA Nelson audited USCO Distribution Center in Denver, CO. He assisted RM Scott Murphy with planning and organization of warehouse space. It appears to be well organized at the present time. Double lock system for freight door was discussed and approved. Will be installed shortly.

I visited new combination warehouse in Salt Lake City, UT. Good utilization of space and items well organized and neat. Will arrange to install wire particians for security. Receiving excellent cooperation from Kwik Vending where this unit is located. Alan Kendall, Manager, is pleased with the arrangement.

Experiencing excellent results in the ordering and supply level and shipment of System 2000 components. Seems to be restoring some faith among Sales Representatives relative to being able to fulfill commitments for these units. Wish we could say the same for the 6'/8' OHPM's.

VIII. SALES DEVELOPMENT

Both SAM's attended pre small group workshop meeting conducted in the Denver Office with RT Fuhrmeister and ADRS Alford. Both felt it was a worthwhile preliminary to the Mack Hanan workshop.

IX. MEDIA

Heavy outdoor support of Virginia Slims Ultra Lights observed in the Section. However, they appear to have low impact. The background seems to wash out. We question the effectiveness of these brand graphics on this type of sign (pastel colors on white background).

X. ASSOCIATIONS/CONVENTIONS

Attended Utah Retail Grocers Association convention and presented Portals Of Opportunity presentation with SHA Byrge. While we encountered some logistical problems, the presentation was well accepted and appreciated, and positioned Philip Morris in a professional manner with their members.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

Grocery Sales Managers Of Colorado meeting hosted Albertsons -- Dave Haskell (Division Manager), Rod Palmer (Division Merchandising Coordinator), and Ray Kline (Distribution Center Manager). Very good exchange of information which included: Portland Distribution Center planned to open in 9/88, approximately 12 new stores planned for this Division in the next 18 months, all floor displays will be reduced or eliminated, discussions continue on buying Wyoming stores from either Safeway (Denver Division) or Buttreys.

Attended McLane Western golf outing with SAM Mike Kronschnabel. Good contact with McLane Western's President, Bob Moore, and principals of their customers, i.e., Southland, PDQ, etc.

Attended Grocery Sales Managers golf outing. Larry Majore (Safeway, Denver Division, Merchandising Manager) was on my scramble team. I feel that we increased our rapport. In addition, this gave me an opportunity to get to know other key account top personnel better on a social basis, i.e., Joe Luff (Merchandising Manager, City Markets, Grand Junction, CO), Dave Haskell (Albertsons, Denver Division, Vice President/Division Manager), etc.

XI. SSM MISCELLANEOUS COMMENTS

Our participation in the Hispanic promotion at the Colorado State Fair did not come about as planned. We were, however, able to provide the coordinator with some residual incentive items and samples for his use. Communications and planning need to be improved in the future.

In my work withs with our new Area Managers, I find that they considered their Region training seminar very helpful. When asked as to what area of their development could be best addressed through other group training, they agreed upon visual and group presentation preparation and techniques.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

I MARKETING CONDITIONS

Cambridge Full Flavor

Safeway, Bellevue, has finally authorized Cambridge Full Flavor, however, not in their warehouse. It will be brought in through CoreMark. The availability of coupons is paramount to the success of this brand.

Virginia Slims Ultra Lights

Safeway, Bellevue and Payless Northwest have accepted the brand. No major gaps with Ultra Lights. Retail movement is positive and reports from the field indicate repeat customers. The sales force reports that cannibalism is minimal at this point.

Benson & Hedges Lights Box

All major accounts have accepted B&H Lights Box with the exception of Safeway, Clackamas. Their projection on line extensions, whether Philip Morris or anyone, projects it as having too low a movement. if it is one carton or less a week, the brand will not be added. They will be represented again next month.

General Marketing Conditions

The economic climate for the state of Oregon continues to be very positive with the state, at this time, showing an unemployment rate of 5.8% which is considerably ahead of last year. In the Portland area, unemployment has dropped again down to 4.7%, which is a positive response to the forest product and related industries. Construction of new homes, during the past few months, has helped the timber industry tremendously. The state of Washington also continues to show a brighter economic picture. The city of Tacoma has just received a two to three year contract for ship building.

Unemployment in Alaska remains at approximately 9.5%. The Anchorage Daily News, however, reported that a new ski resort, that is slated to be completed in 1992, will help boost the economy. The $200 million dollar project could provide up to 2,000 new jobs, according to the newspaper article.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

Taxes and Government Affairs

The city of Anchorage, who proposed a ban on smoking in all municipal buildings back in July and was challenged by the Municipality Unions claiming that it is a violation of union contracts, is still in limbo. No decision has been reached as yet.

A no smoking ban, which has been proposed for all Washington State ferries, is still up in the air. This is being fought by the Long Shoreman and Ship Building Unions who rely heavily on the Ferry System, for transportation, to and from work on a daily basis.

II MAJOR COMPETITIVE DEVELOPMENTS

American

American Tobacco continues to work Malibu, Regular King Size 100's, Light 100's, and Menthol 100's with a $3.00 off coupon attached to each carton. In supermarket accounts, they are offering a permanent floor display, paying $3.00 per row plus a $50.00 bonus, every six months, for maintaining the display. Also noted were floor dump bins, holding approximately 40 cartons with a buy one get one free offer to consumers. Overall, distribution throughout the Section is fair.

Brown & Williamson

At this time, they continue to concentrate on Falcon, utilizing $1.00 and $2.00 coupons attached to cartons. While distribution continues to be good, sales reported by retailers, are noted as being poor. In Billings, Montana, one of the major grocery wholesalers, Ryans, discontinued Falcons. They have created a few minor problems in the state of Oregon, where they have indiscriminately placed Falcon on our Value Centers without regard for contracted space. We are, however, taking care of the problem as it comes up.

L & M

Their activity comprises of placing $1.00 coupons on virtually all of their brands on the carton fixture. No display activity noted. Their generic price brand, Rainbow, shows poor activity in terms of sales. Distribution is very spotty. At this time, the only major wholesaler that is carrying the brand, is Flemings out of Portland.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

Lorillard

Their efforts seem to be geared primarily in couponing Newports, Old Gold, Kent, and Kent Golden Lights, utilizing a $2.00 off coupon attached to each carton. In some areas they are also offering a free lighter with the purchase of two packs of True. In Portland, Oregon, Lorillard has negotiated with Apollo Distributors to ship 2-for-1 displays to all 130 Plaid Panty Stores. No information as to what kind of payment Lorillard is making to the distributor, if any.

R.J. Reynolds

Heavy promotion of $2.00 off coupons are being noted throughout the Section on all of their major brands, including Camel, Winston, and Salem. In the Spokane Metro area, however, they are still placing $5.00 coupons with the purchase of two cartons, which are banded together. These coupons, again, are being placed on all packings of Camel, Winston and Salem. Some retailers, in the Spokane area, have indicated that RJR products will be couponed with either $5.00 or $2.00 throughout the remainder of the year.

The Division Manager for RJR out of Spokane, will be retiring at the end of this year. RJR sales representatives in Oregon have indicated that their workload has been reduced from 175 retail accounts down to 130. RJR's Magna brand has been changed to full price in the state of Montana. All distributors, throughout the state of Montana, indicate that, because of the decision to raise the price, Magna will have a significant drop in sales.

Generics

Both B&W and L&M continue to battle one another for the generic business. They both continue to present branded generics to major grocery wholesalers throughout the Section. Some of the brands that have been presented are Frontier, which was accepted by Ryans in Billings, Montana, which is owned by Super Value out of Minnesota. Another brand is Rainbow, which is manufactured by Liggett and was accepted by Flemings in Portland, Oregon, and is now being distributed to all IGA stores in the Portland marketing area.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

III TRADE CLASSES

Distributors

Core Mark has gone through some major personnel changes in the last few weeks, with the General Manager in Portland now transferring to Spokane. The new General Manager in Portland has been brought down from Canada and the General Manager out of Spokane was transferred to Seattle as a Field Sales Manager. No reason was given for all these changes.

Galvin Supply is now on a cash basis with all Tobacco companies. This situation has created severe out-of-stocks on all cigarettes, especially Philip Morris.

Associated Grocers, in Helena, have picked up 50 Convenient Mini Marts from McLeans Northwest.

West Coast Cash and Carry has come up with a new policy where they will not accept two-party checks any longer. We utilize these Cash and Carry's in various parts of the state of Washington as our only wholesaler, obviously creating a problem for us, since we get a lot of checks from retailers. The Area Manager responsible for this account is currently working on trying to reverse this policy.

Cub Foods has announced that they will be opening one store in Vancouver, Washington and have already broken ground for their first Oregon store in Portland. This store will have approximately 64,000 square feet and is scheduled for opening in the Spring of '88. Safeway, Clackamas will obviously be the major chain that will be affected the most. West Coast, Salem, will be their main supplier.

Tradewell has announced that they will be remodeling eight additional stores, and will be opening two brand new stores with approximately 35 to 45,000 square feet. Their overall objective is to have 50 stores located in Western Washington.

Payless, Tacoma, hired an outside Merchandising Consultant to study pilferage of cigarettes, and they have determined that all five stores will be placed on non-self service effective November 1st as a result of their study.

The Danielson's Thriftway chain has purchased two independent Thriftway stores, bringing their total to eleven stores.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

IV KEY ACCOUNT CONTACTS

Gene McIntosh, Vice President Plaid Pantry, accompanied SAM Joe Palermo to sell-in B&H Lights Box and follow up presentation for System 2000. Also present was Dan Haglund of Harbor Industries. We presented System 2000 featuring a nighttime lockup security system. The results were very positive. We will place System 2000 in at least 100 stores as well as gain counter displays and counter balances throughout the chain.

Fred Meyer - Ben Staley, Vice President Merchandising and Darrell Webb, Merchandiser/Buyer. Accompanied SAM Palermo on our initial contact with VP Ben Staley to give Business Review and presentation for our package fixtures. This was a very useful meeting and gained good understanding of their interests and concerns.

V MERCHANDISING PROGRAMS

Senior Accounts Manager, Joe Palermo, was successful in gaining commitment from Plaid Pantry for our System 2000 featuring a nighttime lockup. System 2000 will be placed beginning in November in at least 105 stores. Joe also secured B-4 counter displays, BV displays, and counter balance signs where ordinances permit such signage. Joe did an excellent job guiding this account to acceptance. Dan Haglund, of Harbor Industries, brought the nighttime lockup system out. We appreciate his expertise and support in explaining the function of the unit.

Our 7-shelf System 2000 in Safeway, Clackamus, has been removed. Though Safeway is very aware of what we have, they still want to maintain one supplier at this point. We do anticipate that we might get one or two stores to test.

Sales Representative, Doug King, placed a 5-foot end cap fixture in Safeway in the Coos Bay, Oregon area. The system 2000 5-foot, 6-shelf unit holds only generic products. The remainder of the space is a package fixture utilizing ten 29" units. We have excellent support from the store manager. SAM, Joe Palermo will do his best to maintain it at headquarter level.

SAM, Joe Palermo has an authorization letter for a 7-wide, 5-shelf value center in Safeway, Clackamas, at store option. We will be aggressively selling these in during the coming month.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

The 6-foot Maxi Overhead package fixture, has been placed in all ten Zip Trip Convenience stores in Spokane. Received excellent participation from retail accounts on our Marlboro Sports bag.

VI SECTION ACTIVITIES

All Section personnel attended a meeting on behalf of B&H Light Box intro and Space Trec. The overall reaction, by our personnel, was positive. Also, 1-day workshop was conducted by SRO Koch and SRO Nechanicky, emphasizing how to close the row gaps that we currently have on contracted independent accounts throughout the Section. All Division Managers have responded very positively to this meeting and, as a result, seven new accounts have been sold the System 2000 with implementation to be conducted during the month of October.

Other topics that were covered during this workshop was reemphasizing the use of Trec as a tool, discussion regarding territory coverage for '87, and Plan A progress.

VII SALES SERVICES

Received all additional materials for the planning desk which included paper for the plotter, both sizes, the color pens, also for the plotter, and the lazer jet cartridge.

VIII SALES DEVELOPMENT

Nothing to report this month.

IX MEDIA

Nothing to report this month.

X ASSOCIATIONS/CONVENTIONS

Washington State Food Dealer's Convention was attended by SHA Soares, Area Manager Bob Kattenhorn, and Area Manager Gordy Davis. The response from this convention was very positive. Some key people, from various grocery wholesalers, were contacted by our people and will work with them further, to build business for Philip Morris.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000

The NARC Convention was attended by SHA Soares, Area Manager Bob Evans, and Area Manager Bob Kattenhorn. Several issues were brought about regarding the Vending Industry, which was good information for our people to know in terms of the direction that the Vending universe is going. Some of the issues were in regard to state taxing and legislative moves that would effect the vendors in terms of cigarette sales.

The Montana Association of Tobacco and Candy Distributors Convention was attended by Section Sales Manager, Jim Henry and Area Manager, Vic Douglas. The convention was well attended by all distributors within the state of Montana and many of their employees, as well as, all tobacco suppliers and confectionary and candy suppliers as well.

XI SSM MISCELLANEOUS COMMENTS

None this month.

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Source: https://www.industrydocuments.ucsf.edu/docs/zlxl0000